

**WASHINGTON STATE LIQUOR CONTROL BOARD**  
**INTEROFFICE CORRESPONDENCE**

June 21, 2005

To: Chairman Merritt Long  
Board Member Vera Chan Ing  
Board Member Roger Hoen

From: Heidi Whisman, Acting Director Purchasing  
Steve Burnell, Wine Program Manager

Subject: **WINE STRATEGY 7 – RETAIL PRICING**  
**SHORT TERM STRATEGY UPDATE**

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**Background**

Effective January 1, 2005, a price increase was applied to the 100 top selling wines in all liquor stores as described in the short-term price increase of the Wine Implementation Strategy 7 – Retail Pricing:

**Short Term**

- o Complete a pricing analysis on the top 100 selling LCB wines by August 27, 2004 to determine which items are below the market price
- o For those items below the market price the LCB will increase the markup formula on those items to have the LCB retail price reflect the market price

**Update**

Dollar and case sales data for the first quarter of 2005 is now available and has been compiled by staff (see attachment).

- The top 100 wines are down in both dollar and case sales for the first quarter this year compared to first quarter last year.
- All other wines sold by the LCB show a slight increase from first quarter last year.
- Overall, all LCB wines show a slight decrease from first quarter last year.

**Next Steps**

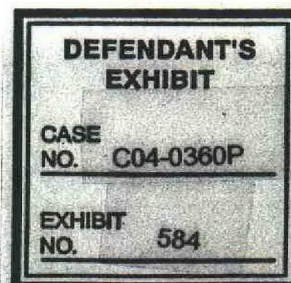
- Continue to compile and analyze data for second quarter update in early August.
- Begin development of recommendation for moving to the long-term strategy.

**Long Term**

- o Use the LCB market share to determine future consideration for markup increases. If the LCB share rises to over 10% as compared with the private sector a markup price increase will take place.

**Attachments**

cc: Pat Kohler  
Rick Garza  
John Redal



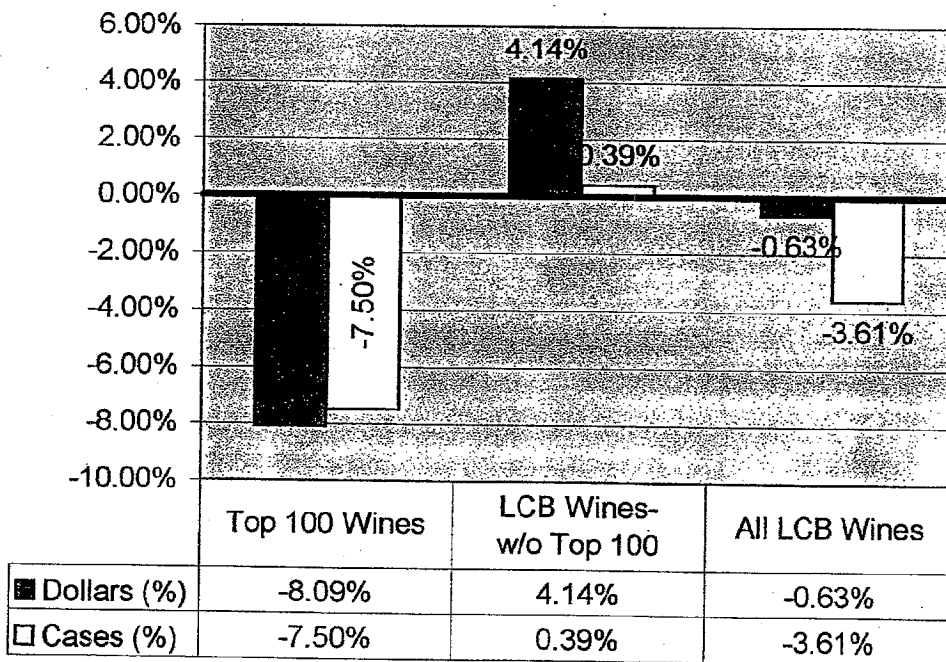
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**Wine Implementation Strategy 7 - Pricing  
Sales Comparison  
First Quarter 2005 vs 2004**

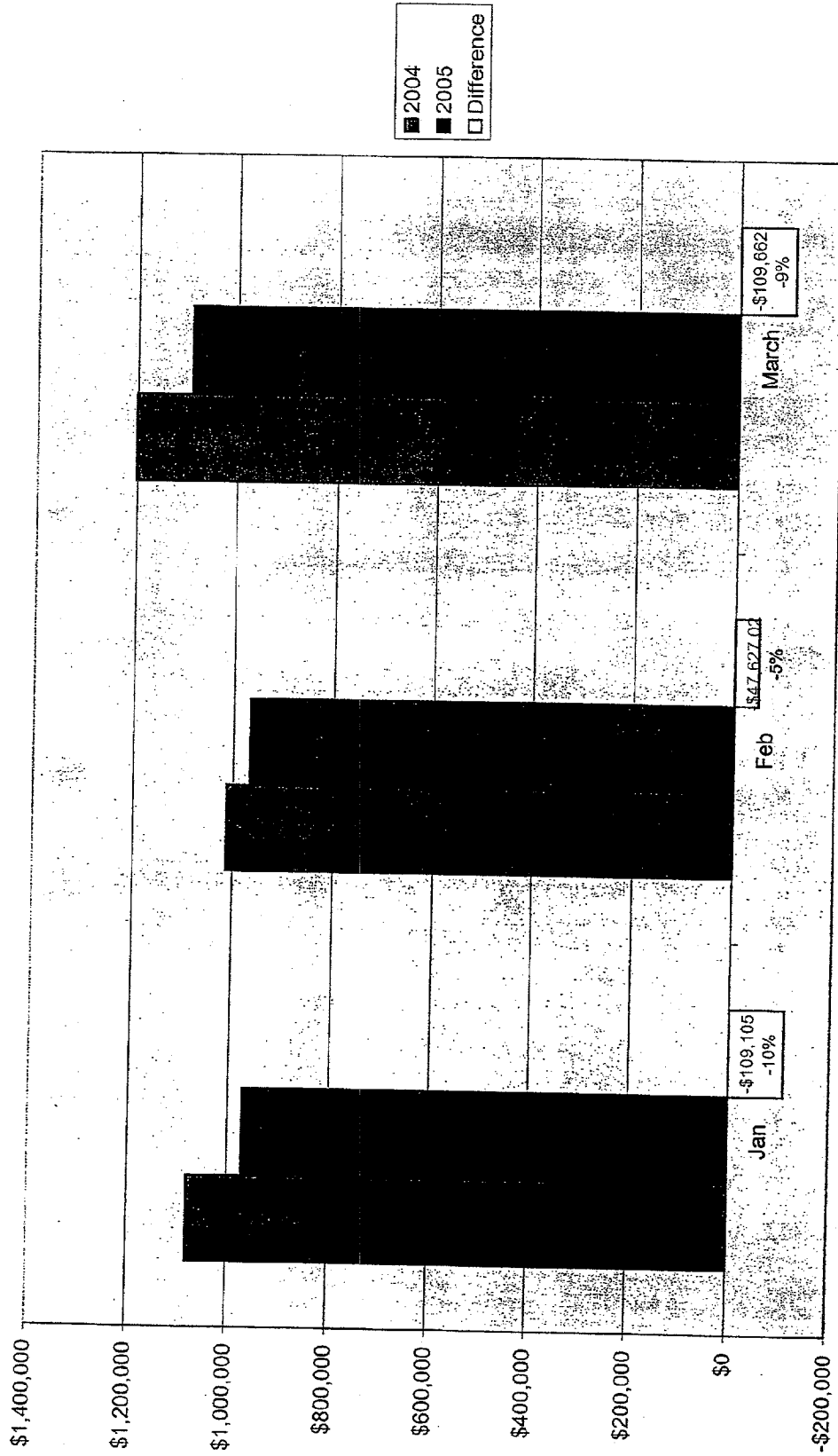
	Top 100 Wines	%	LCB Wines- w/o Top 100	%	All LCB Wines	%
<b>Dollars</b>	(\$266,394.00)	-8.09%	\$210,906.78	4.14%	(\$53,078.77)	-0.63%
<b>Cases</b>	(5,025)	-7.50%	252	0.39%	(4,763)	-3.61%

**Percentage Change  
2005 vs 2004**



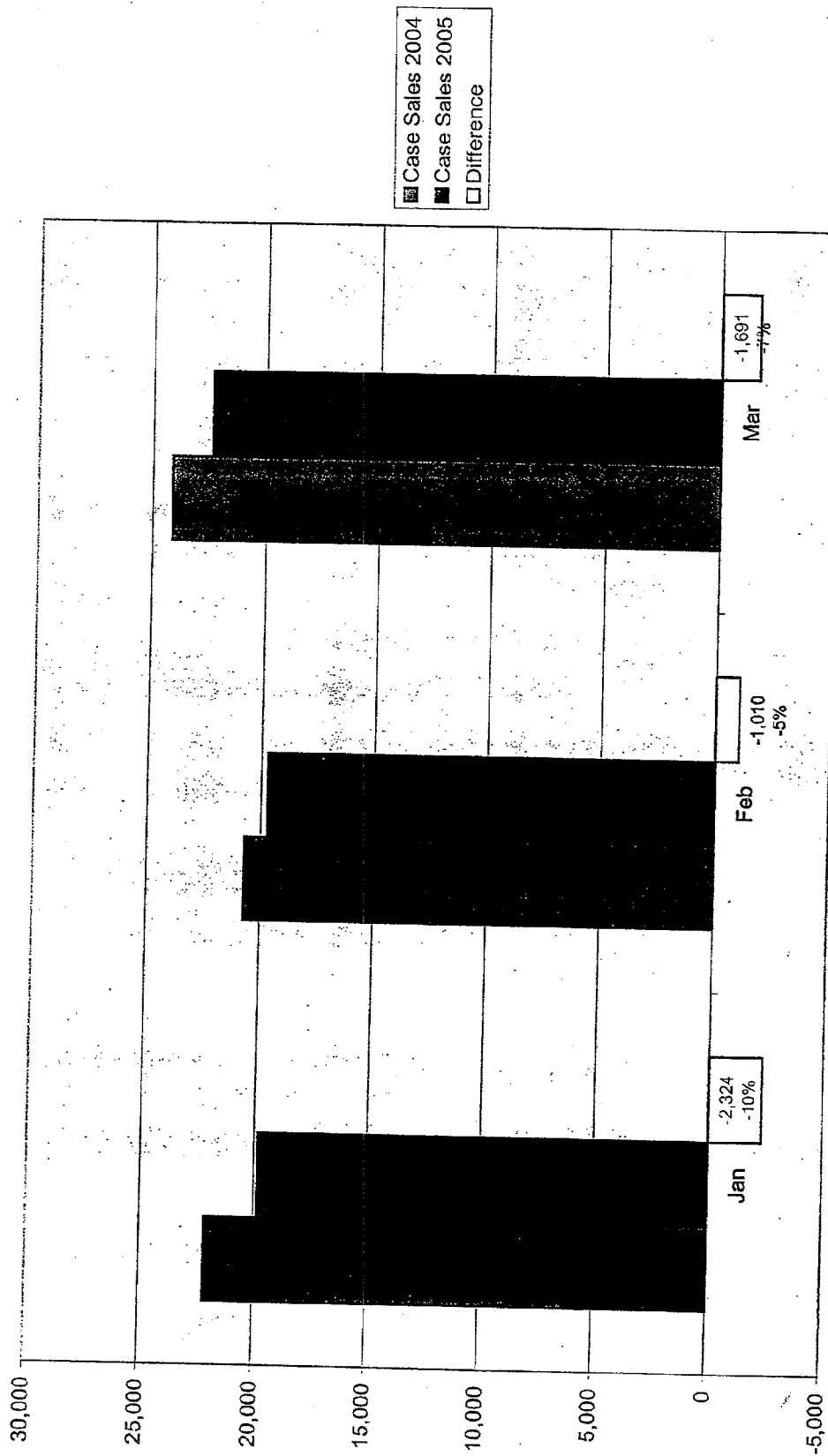
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Top 100 Wines  
Dollar Sales - Last Year/This Year



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**Top 100 Wines**  
**Case Sales - Last Year/This Year**



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